

6 November 1967

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MEMORANDUM FOR: [REDACTED] Members [REDACTED]

SUBJECT: Reduction in 1968 Program Funds
OMB Declassification/Release Instructions on File

1. As you have been advised, a meeting of the [REDACTED] is scheduled for Wednesday, November 8 at 1:30 p.m. The purpose of the meeting is to discuss the reduction in 1968 program funds as proposed by the Bureau of the Budget. A copy of the Bureau's letter is attached.

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2. I have just discussed this serious situation with the Executive Director and, accordingly, am asking that you come to the meeting prepared to review alternative ways of meeting the reduction. The table below summarizes the current financial picture and suggests ways of parcelling out a [REDACTED] budget cut.

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(In thousands)

| <u>Directorate</u> | <u>Non-SE Asia 1968 Request</u> | <u>Construction Cuts</u> | <u>PPB Distrib- ution of Cut</u> | <u>Alternate Distribution</u> |
|--------------------|-------------------------------------|------------------------------|--------------------------------------|-----------------------------------|
| DCI | [REDACTED] | | | |
| DDP | | | | |
| DDS&T | | | | |
| DDI | | | | |
| DDS | | | | |
| SE Asia | | | | |
| Reserve Release | | | | |
| GRAND TOTAL | | | | |

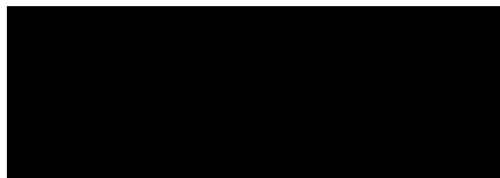
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3. You will notice that columns 4 and 5 propose diverse approaches to the problem. If this Office were required to administer the reduction without further discussion with Agency components, we would assign shares in accordance with column 4. Recognizing that this distribution may not accurately reflect program priorities among Directorates however, we are also suggesting an alternative course whereby the distribution would be as indicated in column 5. As is obvious, column 5 totals appreciably higher than column 4, but this is for purposes of providing the flexibility needed to modify possible changes in column 4.

4. You are asked, therefore, to come to the meeting with a list of cuts which would enable you to meet reduction requirements called for by column 5. We are requesting that your list be on a prioritized basis and that you leave it with this Office at the conclusion of the meeting. Naturally we are not proposing to offer any reduction in excess of the amounts required by the Bureau of the Budget.

5. If there are any questions concerning this procedure, please call me.



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Acting Director of Planning,
Programming and Budgeting

Attachment
BOB letter of 2 Nov

BUREAU OF THE BUDGET

WASHINGTON, D.C. 20503

NOV 2 1967

Honorable Richard Helms
Director of Central Intelligence
Central Intelligence Agency
Washington, D. C.

Dear Dick:

On August 7, 1967, immediately after the President sent his message on taxation to the Congress, I wrote you to request the utmost prudence and caution in your obligation and expenditure actions, pending the time we could come to a conclusion on the degree of deferral and cutback required of your agency in order to implement the economy pronouncements included in the tax message.

On October 4, the President asked each agency head, during the period immediately ahead, to keep budget expenditures and commitments to as low a level as possible, consistent with the national security and well-being. My memorandum of October 6, 1967 supplemented these instructions.

Now that congressional action on your regular appropriations is finished, it is possible to give you some guidance. However, since congressional judgment on the budget as a whole is still unclear, this guidance is tentative. Specifically, it may be necessary at some future date to further reduce the limit on total 1968 program set forth below.

On this basis, I must now ask you to:

1. Identify the necessary steps so that program of an investment nature, otherwise estimated and planned for fiscal year 1968, will be deferred in at least the following amount: [REDACTED] of non-Southeast Asia.
2. Identify a further reduction of [REDACTED] million in your programs other than those for Southeast Asia in the amount of [REDACTED] for the fiscal year 1968. With the reductions mentioned in paragraph 1, this is designed to keep the total 1968 program for your agency within [REDACTED].
3. Give me a report by November 10, specifying the reductions you are planning to make to carry out paragraph 2,

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indicating corresponding reductions in obligations, and submitting the necessary apportionment and re-apportionment requests to reflect these reductions.

The figures above include all appropriations and funds which are included within your portion of the administrative budget. The last figure mentioned in paragraph 2 excludes possible spending out of potential future releases from the Contingency Reserve with the understanding that requests for such releases should be governed by the same stringent conditions which are the basis for the overall limitation.

This reduction is to be accomplished without piling up unpaid bills, slipping advance and progress payments, or changing the dates for normal recurring payments. It is to be accomplished by reducing obligations and, in appropriate cases, by providing for appropriate delays or slow-downs in the commencement or performance of work by contractor or grantees. This should not be construed as a call for application of reduction-in-force procedures for personnel. Except for very unusual cases, normal attrition and delays in filling vacancies and new positions, together with appropriate savings in various other object classes, should make the target figures practicable.

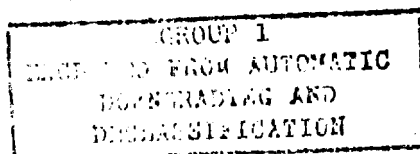
If for any reason the Southeast Asia programs specifically mentioned in the paragraph numbered 2, above, will require less than contemplated, the total target mentioned at the end of that paragraph is reduced accordingly. If the Southeast Asia programs require funding above that currently estimated, the target figure is increased accordingly, but I would like you to let me know of this fact, in writing, as soon as it becomes evident that such an increase will occur.

Your cutback actions should commence at once, without any reaction on our part to the report you make under the paragraph numbered 3, above. We will keep the President informed of the actions reported to us.

Sincerely,



Charles L. Schultze
Director



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